

**new
deal**

WaterShare+

Advisory Panel

Terms of Reference



**South West
Water**



**Bournemouth
Water**

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WaterShare+ Advisory Panel

Background

WaterShare has been central to our engagement with South West Water customers since 2014. WaterShare has always given our customers reassurance about the transparency and openness of our business, with our performance being reported to customers through the WaterShare scorecard and framework, overseen by an independent WaterShare panel. This review and scrutiny of performance and engagement with customers has also been undertaken by the independent Customer View Group at Bournemouth Water.

South West Water's WaterShare commitments involve regular meetings with the WaterShare panel to review and scrutinise our progress against agreed performance commitments and promises made to customers. Financial benefits resulting from our performance are discussed with customers via focus groups and regular surveys to ascertain their preferences on how they would like to receive the benefit. Options discussed with customers every year include:

- Re-investment in improving services for customers
- Reduction in customers' bills
- Deferral of benefits for the future.

For South West Water's 'New Deal' 2020-25 business plan, we reviewed the established WaterShare approach to ensure we continue to build on our relationship with our customers and look at how we can better embed sharing of any outperformance benefits.

WaterShare+ is an evolution of the previous WaterShare programme.

Customers will be able to attend a South West Water annual general meeting, and quarterly meetings chaired by the independent WaterShare+ Advisory panel will be held in public. We believe this will drive further engagement with our customers by ensuring our performance is visible and allowing them a stake and a say in how the business is run.

Purpose

The overall purpose of the **WaterShare+ Advisory Panel** is to protect the interests of our customers by providing independent review of all elements of the 'New Deal', including the achievement or otherwise of our business plan commitments and Board Pledges.

The purpose of the Panel is also to:

- Increase awareness of WaterShare+
- Further develop the engagement with customers to increase trust and greater involvement
- Ensure that South West Water services work well and meets the needs of the communities it serves.

The Panel will act as an advocate for customers, providing feedback, analysis and opinion on the company's performance and validate its interpretation of customers' views.

The Panel is not a substitute for the company engaging with its actual customers and Panel members should not substitute their views for those of customers.

The WaterShare+ Advisory Panel will seek feedback during the quarterly meetings in public and Customer Annual General Meeting (CAGM) about delivery of all elements of the 'New Deal'.

The monitoring and reporting of performance against outcomes and associated sharing of reward or application of penalty under the incentive process will be presented to the Panel through the WaterShare+ framework.

The Panel will review the company's approach to sharing customer benefit, including the timing of sharing any net gain.

The Panel will review the company's approach to the timing of the sharing of new obligations with customers.

The Panel will raise awareness of WaterShare+ and promote the role of the Panel through the quarterly meetings in public, CAGM and other engagement activities appropriate to their roles and the purpose of the Panel.

In line with current practice we will continue to discuss our dividend policy with the independent WaterShare+ Panel and seek endorsement from them for any changes proposed. We have also stated in our new Executive Pay policy the potential for the Panel to have a role in monitoring the policy from 2020.

The Panel may also be required to review evidence regarding specific Performance Commitments for example Bathing waters.

Bathing water quality downgrades that are not solely attributable to South West Water, such as agricultural run-off for example, are excluded from the assessment of the Bathing Water performance commitment.

Where there is a deterioration in water quality classification, South West Water will present all evidence of culpability, or not, to the independent Watershare+ Advisory Panel. The Panel will assure whether the company is solely culpable in all such instances and whether each bathing water quality downgrade should count towards the measurement of the performance commitment.

Membership

Membership of the WaterShare+ Advisory Panel will be restricted to the recruited Chair, Vice Chair and customer representatives from non-regulatory bodies.

The size of the Panel will be agreed with the Chair but will comprise no more than 6-8 panel members.

Statutory bodies and regulators will be invited to attend the meetings and be 'in attendance' as expert advisors.

Chair

The WaterShare+ Advisory Panel Chair will be an independent figure from the region with a track record in championing customer issues. The Chair will be appointed using an open and transparent recruitment process.

The Chair will act as an individual and not as a representative of a particular organisation or group of customers.

A Vice Chair will be appointed to support the Chair and as a full member of the Panel.

Panel Members

Representatives from other bodies, having either applied directly or following approach by the Company, will be assessed by the Chair and Vice Chair to ensure the appropriate representation of customer groups, and a suitable mix of skills and experience within the panel.

The role profile of a Panel member is included within this term of reference.

Expert Advisors

Representatives from regulators and statutory bodies will be asked to attend the meetings in public as Expert Advisors to the Panel rather than as Panel members so that representatives from these organisations are not compromised by being asked to carry out the extended role of Panel members.

They play an important role providing the Panel with a view of the company's performance.

Expert Advisors include representatives from the Environment Agency (EA), Drinking Water Inspectorate (DWI), CCW - The voice for water consumers, and Natural England (NE).

Company Representatives

Attendees will include as a minimum the Chief Executive Officer and the Regulatory Director and other Executive members relevant to the agenda.

Appointment and tenure

The independent Chair and Vice Chair will be appointed for the first quarterly meeting in public of 2020/21. The Chair appointment will endure for the entirety of the 2020-25 regulatory period.

The Vice Chair and all other panel members will be appointed for an initial term of two years.

Panel members can serve consecutive terms, subject to approval at the South West Water Customer AGM – this will involve panel members being re-elected.

Customers will be advised of the voting period. All unused votes will be passed to the Proxy, in this case the Chair.

Remuneration

All Panel members will receive payment for their role.

Meetings in public

The Panel will meet in public at least quarterly, in locations across the company's core area of operation (Cornwall, Devon and Bournemouth).

Meeting dates and locations will be published in advance with customer slots (c.20-30 depending on venue) allocated on a first come, first served basis.

Meetings will be held in public with customers able to observe the meeting and interact during listening sessions.

All customers will be able to submit questions in advance of the meetings.

Agendas will be agreed in advance with the Chair and will be sent along with papers by special delivery to Panel members preferred delivery address five working days in advance of the meeting.

Minutes of meetings and actions will be distributed to Panel members following the meeting and made publicly available on the South West Water website.

South West Water will provide secretariat support to the Panel.

The quarterly meetings may be filmed, with edited versions (c.30 minutes) to be approved by the Chair as representative of the meeting and made available online.

Meetings with the Company

In addition to the meetings in public, the Panel will meet separately with the Company up to four times a year.

Reporting

The independent WaterShare+ Advisory Panel will be able to challenge South West Water Executive Directors throughout the year through individual meetings where appropriate, Chair attendance at Board meetings and through the quarterly meetings in public and the CAGM where South West Water Executives and Non-Executives will be in attendance.

The Panel will report to the South West Water Board annually, providing an annual performance report statement and overview of their own activities and assessment of the company's performance.

The WaterShare+ Advisory Panel will provide an independent verification report to the Remuneration Committee on the delivery or otherwise of all bonus criteria.

Whilst the Panel's approach to review and challenge is flexible, the general focus for proactive (i.e. planned) review could be based on five priority areas that aim to answer specific questions:

- How are South West Water as an organisation performing?
- How is the 'New Deal' Business Plan being delivered and what difference is it making?
- What is the relationship like between South West Water and the public, and how do the views of the public inform the company and service delivery?
- How efficient and effective is South West Water as an organisation?
- How effective is South West Waters collaboration with others at delivering service improvements and value for money?

Panel member role profile

Panel members will need to ensure that they have sufficient time available to discharge their responsibilities effectively; this includes attending four meeting in public a year, attending the South West Water customer AGM, regular engagement with other panel members and the company (up to four additional strategy meetings).

Panel members will need to provide support to the Chair to review and challenge South West Waters performance against their 'New Deal' business plan commitments and Board Pledges.

The role also includes increasing awareness of WaterShare+ and promoting the role of the Panel to further increase engagement with customers.

Alongside the Chair they will need to act in a way they consider, in good faith, would be most likely to promote the success of the Panel for the benefit of all its members, the company and its customers and in doing so have regard (amongst other matters) to:

- the interests of the company's customers
- the impact of the company's operations on the community and the environment
- the likely consequences and actions of any decision in the long term
- the need to act fairly - maintaining a balanced view
- the need for confidentiality with particular regard to the requirements regarding the disclosure of price sensitive information. Panel members will be required to sign Non- Disclosure Agreements.

Alongside the Chair, panel members will be required to:

- constructively challenge the company
- scrutinise the performance of the company and participate in discussions on its performance
- uphold high standards of integrity, demonstrate the appropriate culture, values and behaviours at panel meetings and beyond;
- devote time to developing and refreshing their knowledge and skills ensuring that they can make a positive contribution and be able to challenge the company from an informed position
- insist on receiving high-quality information sufficiently in advance of panel meetings
- consider the views of customers, shareholders and where appropriate other stakeholders.

They will also need to read information ahead of meetings and help create certain documents such as an annual performance report.

The Panel through their roles may:

- challenge how the company approach improvements to delivering services
- ask communities for their views to help improve something
- hold the South West Water Executive team to account

All Panel members will have an induction process to the company's history, operation and aspirations, to explain the regulatory and price review process and the role of the WaterShare+ Advisory Panel.

Panel members must disclose any direct or indirect interest that might impede them in carrying out the role.



South West
Water



Bournemouth
Water

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